

**MINUTES OF CLOSED SESSION
CITY COUNCIL – CITY OF SANFORD
November 10, 2005**

Upon a motion duly made, seconded, and carried in the November 10, 2005, open session of the Law and Finance Committee meeting, the Council went into closed session in accordance with N.C.G.S. 143-318.11(a)(4) to discuss matters relating to the location of expansion of industries or other businesses in the area served by the public body.

The following people were present in the closed session:

Mayor Winston C. Hester	Council Member Philip Dusenbury
Council Member Clawson Ellis	Mayor Pro Tem Joseph Martin
Council Member Cornelia Olive	Council Member Linwood Mann Sr.
Council Member James G. Williams	Council Member Walter McNeil, Jr
City Manager Leonard Barefoot	City Attorney Susan C. Patterson
City Clerk Bonnie D. White	Public Works Director Larry Thomas

Mayor Hester called the meeting to order.

Public Works Director Larry Thomas informed Council that staff has learned there is a grant available up to \$500,000 from the Rural Center for projects that create jobs. The City would like to pursue this grant and we have put together a project that would meet the grant requirements and allow us to do sewer rehab at the same time. Requirements are there must be 50 jobs created and requires 50 percent matching funds. He needs direction from Council whether or not to pursue the grant. Mr. Thomas explained that staff met to figure out what project could be done to qualify for the grant. Mr. Thomas stated that Joe Groce with Moen had spoken to him earlier about an expansion which would increase Moen's sewer discharge flow by 50,000 gallons per day and would create about 70 jobs. One stipulation to the grant is that if Moen does not meet the 50 jobs, \$10,000 has to be paid back per job that is not created. Mr. Thomas felt that Moen would probably not agree to this; however, the City could enter into an agreement with Moen wherein the City would pay back the \$10,000 per job not met. The City needs this grant for sewer rehab, and City funds will have to be spent anyway for sewer rehab.

Staff felt they could tie the grant into a sewer rehab project in Jonesboro since Moen is located on that side of town. Even though Jonesboro does not have any sewer spills, it is a priority because it has some of the oldest lines in the City. Staff would also like to tie in the West Sanford side of town. The main line that goes from U. S. Highway 421 to the sewer plant is 36 inches to 42 inches in size. It is near capacity and they would like to take off some pressure on these lines. The line is in good shape. It can carry 16 to 17 millions gallons; it carries 4 million gallons during normal flows. With parallel lines constructed or a way to eliminate some of the flows going into the lines, 300,000 to 400,000 gallons capacity could be added. Moen will have to agree to the project. Advantages are we would accept additional flow, and Moen will be helping the City. Disadvantages would be the City would have to pay back \$10,000 per job not created up to 50 jobs.

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George McRae, from Moen, is not really sure how many jobs will be created. Mr. Thomas has not met with the plant manager yet, but will be in the future.

Staff is seeking direction from Council to start the preapplication; authority to agree with Moen to pay back \$10,000 per job not created up to 50 jobs; authority to hire Skip Green as the consultant to help with the grant; and to pay the other 50 percent matching funds. Council Member Linwood Mann made the motion to approve pursuing the grant and to the stipulations presented by Mr. Thomas. Council Member Cornelia Olive seconded the motion, and it carried unanimously.

Mr. Thomas stated that Challenge Printing Company is talking about relocating to the Wyeth area on Womack Road. The City has been approved for a grant from the Rural Center in the amount of \$400,000. There is no obligation to pay this \$400,000 grant back. The City can increase this grant to \$500,000, but we would be obligated to pay this back if the 50 jobs are not created. The EDC is interested in the City pursuing the larger grant. However, Mr. Thomas' opinion is that the risk of having the potential to pay back the money outweighs the advantage of the increased grant. Mr. Thomas recommends not pursuing the additional money. Council's consensus was to keep the outright \$400,000 grant and not pursue the \$500,000 which might have to be paid back.

Upon motion of Council Member Linwood Mann, seconded by Mayor Pro Tem Martin, the Council came out of closed session and returned to open session.

Respectfully submitted,

Winston C. Hester, Mayor

Bonnie D. White, City Clerk